

CITY OF TYBEE ISLAND, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

CITY OF TYBEE ISLAND, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of City Council
City of Tybee Island
Tybee Island, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Tybee Island, Georgia** (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison information for the General Fund, the Hotel/Motel Tax Fund, and the FEMA/GEMA Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 15, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions on pages 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 48-8-121, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tybee Island, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 6, 2019

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

As management of the City of Tybee Island (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Tybee Island for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- The City's total net position is \$41,485,514, an increase of \$4,403,517. Net position from governmental activities and business-type activities increased \$2,875,001 and \$1,528,516, respectively.
- The General Fund reported fund balance of \$10,035,966. This is an increase of \$852,105 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets, deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and community development.

The business-type activities of the City include water and sewer, sanitation, and campground management.

The City's government-wide financial statements are presented on pages 16 and 17.

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Reporting the City's Most Significant Funds

Unlike government-wide financial statements, the focus of fund financial statements is directed at specific activities of the City rather than the City as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into three broad categories, namely: 1) governmental funds, 2) proprietary funds, and 3) fiduciary fund.

Governmental Funds

The governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows of resources is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the year.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balance to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City presents, in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (nonmajor funds). The City's governmental fund financial statements are presented on pages 18 – 25.

Proprietary Funds

The proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in fund net position and statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements.

The City uses proprietary funds to account for business-type activities that charge fees to customers for the use of specific goods or services. For the most part, the balances and activities accounted for in the City's proprietary funds are also reported in the business-type activities columns of the government-wide financial statements.

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

The City presents, in separate columns, proprietary funds that are most significant to the City and all other proprietary funds are aggregated and reported in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

The City's proprietary fund financial statements are presented on pages 26 – 29.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 17 and 18):

City of Tybee Island Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and other assets	\$ 15,940,711	\$ 11,255,326	\$ 4,704,750	\$ 3,763,930	\$ 20,645,461	\$ 15,019,256
Capital Assets	14,310,485	12,187,054	22,423,774	22,744,999	36,734,259	34,932,053
Total Assets	<u>30,251,196</u>	<u>23,442,380</u>	<u>27,128,524</u>	<u>26,508,929</u>	<u>57,379,720</u>	<u>49,951,309</u>
Deferred Outflows of Resources						
Pension	362,161	352,583	53,540	70,401	415,701	422,984
Total Deferred outflows of resources	<u>362,161</u>	<u>352,583</u>	<u>53,540</u>	<u>70,401</u>	<u>415,701</u>	<u>422,984</u>
Liabilities						
Current Liabilities	1,666,981	1,036,987	1,541,918	1,492,665	3,208,899	2,529,652
Long-term liabilities	4,123,714	988,834	8,342,923	9,333,384	12,466,637	10,322,218
Total Liabilities	<u>5,790,695</u>	<u>2,025,821</u>	<u>9,884,841</u>	<u>10,826,049</u>	<u>15,675,536</u>	<u>12,851,870</u>
Deferred Inflows of Resources						
Pension	545,060	366,541	89,311	73,885	634,371	440,426
Total Pension Inflow of Resources	<u>545,060</u>	<u>366,541</u>	<u>89,311</u>	<u>73,885</u>	<u>634,371</u>	<u>440,426</u>
Net Assets						
Invested in capital assets	10,676,961	12,187,054	13,232,763	12,716,454	23,909,724	24,903,508
Restricted for capital outlay	4,101,831	971,482	-	-	4,101,831	971,482
Restricted for debt service	245,149	-	609,533	405,549	854,682	405,549
Unrestricted	9,253,661	8,244,065	3,365,616	2,557,393	12,619,277	10,801,458
Total net position	<u>\$ 24,277,602</u>	<u>\$ 21,402,601</u>	<u>\$ 17,207,912</u>	<u>\$ 15,679,396</u>	<u>\$ 41,485,514</u>	<u>\$ 37,081,997</u>

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Financial Position

The total net position of the City increased by \$4,403,517, or 11.88%, as noted in the table above. The governmental activities net position increased by \$2,875,001 while the business-type activities net position increased by \$1,528,516.

City of Tybee Island Summary of Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	2018	<u>2019</u>	2018	<u>2019</u>	2018
Revenues						
Program revenues:						
Charges for services	\$ 5,917,227	\$ 5,193,680	\$ 5,840,304	\$ 5,640,978	\$ 11,757,531	\$ 10,834,658
Operating grants and contributions	-	1,563,876	-	-	-	1,563,876
Capital grants and contributions	1,934,014	1,775,423	84,044	67,265	2,018,058	1,842,688
General revenues:						
Property taxes	1,975,753	1,969,930	-	-	1,975,753	1,969,930
Other taxes	6,180,788	5,495,386	-	-	6,180,788	5,495,386
Investment earnings	148,611	63,088	-	2,866	148,611	65,954
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>16,156,393</u>	<u>16,061,383</u>	<u>5,924,348</u>	<u>5,711,109</u>	<u>22,080,741</u>	<u>21,772,492</u>
Expenses						
Governmental activities					-	-
General government	2,394,400	2,439,742	-	-	2,394,400	2,439,742
Judicial	266,926	137,741	-	-	266,926	137,741
Public safety	3,976,314	4,493,620	-	-	3,976,314	4,493,620
Public works	1,865,956	2,403,759	-	-	1,865,956	2,403,759
Cultural and recreation	3,158,889	4,263,622	-	-	3,158,889	4,263,622
Housing & Community development	1,284,791	1,124,610	-	-	1,284,791	1,124,610
Other expenses	162,483	21	-	-	162,483	21
Business-type activities					-	-
Water and sewer service	-	-	2,330,970	2,380,043	2,330,970	2,380,043
Solid waste collection	-	-	1,113,887	1,084,438	1,113,887	1,084,438
Campground	-	-	1,122,608	1,154,985	1,122,608	1,154,985
Total expenses	<u>13,109,759</u>	<u>14,863,115</u>	<u>4,567,465</u>	<u>4,619,466</u>	<u>17,677,224</u>	<u>19,482,581</u>
Transfers	(171,633)	(1,018,404)	171,633	1,018,404	-	-
Change in net assets	<u>2,875,001</u>	<u>179,864</u>	<u>1,528,516</u>	<u>2,110,047</u>	<u>4,403,517</u>	<u>2,289,911</u>
Beginning net assets	<u>21,402,601</u>	<u>21,222,737</u>	<u>15,679,396</u>	<u>13,569,349</u>	<u>37,081,997</u>	<u>34,792,086</u>
Ending net assets	<u>\$ 24,277,602</u>	<u>\$ 21,402,601</u>	<u>\$ 17,207,912</u>	<u>\$ 15,679,396</u>	<u>\$ 41,485,514</u>	<u>\$ 37,081,997</u>

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Governmental Activities

The total revenues for governmental activities increased \$95,010, or 0.59%. Capital grants and contributions increased \$158,591, or 8.93%, as a result of increases in SPLOST revenues. All other categories of revenue remained consistent with the prior year.

Total governmental expenses have decreased \$1,753,356, or 11.80%. Public safety expenses decreased \$517,306, or 11.51%. Public works expenses decreased \$537,803, or 22.37%. Recreation expenses decreased \$1,104,733, or 25.91%, as a result of decreased spending of SPLOST funds, primarily for beach renourishment.

Business-Type Activities

Net position for business-type activities increased \$1,528,516. The Water and Sewer Fund had an increase of \$781,972; the Rivers End RV Park Fund increased by \$749,213; and the Solid Waste Fund decreased by \$2,669. Below is the analysis of each enterprise fund.

Water and Sewer Fund

Water and Sewer revenues increased \$44,499, or 1.49%, which is fairly consistent with the prior year. Operating expenses were also consistent with the prior year.

City of Tybee Island Water and Sewer Fund

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues	\$ 3,028,898	\$ 2,984,399	\$ 44,499	1.49%
Operating expenses	2,233,625	2,280,407	(46,782)	-2.05%
Net operating income (loss)	<u>795,273</u>	<u>703,992</u>	<u>91,281</u>	<u>12.97%</u>
Nonoperating income (expenses)	(97,345)	(96,770)	(575)	0.59%
Loss on Disposal of assets	-	-	-	-
Income(loss) before contributions & transfers	<u>697,928</u>	<u>607,222</u>	<u>90,706</u>	<u>14.94%</u>
Capital contributions	84,044	67,265	16,779	24.94%
Transfers in	-	-	-	0.00%
Change in net position	781,972	674,487	107,485	15.94%
Beginning net position	11,489,363	10,814,876	674,487	6.24%
Ending net position	<u>\$ 12,271,335</u>	<u>\$ 11,489,363</u>	<u>\$ 781,972</u>	<u>6.81%</u>

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Solid Waste Collection Fund

Solid Waste revenues increased \$51,079, or 5.75%. Operating expenses were consistent with the prior year. The General Fund transferred \$171,633 to the solid waste collection fund to cover operating deficits.

City of Tybee Island Solid Waste Collection Fund

	2019	2018	\$ Change	% Change
Operating revenues	\$ 939,585	\$ 888,506	\$ 51,079	5.75%
Operating expenses	\$ 1,113,887	1,084,438	29,449	2.72%
Net operating income (loss)	(174,302)	(195,932)	21,630	-11.04%
Transfers in	171,633	200,000	(28,367)	100.00%
Beginning net position	3,303	(765)	4,068	0.00%
Ending net position	\$ 634	\$ 3,303	\$ (2,669)	-80.81%

River's End RV Park Fund

Operating revenues for the River's End RV Park fund increased \$103,748, or 5.87%, due to additional demand for camping services. Operating expenses decreased \$23,416, or 2.19%. Prior year expenses included additional repair and maintenance costs as a result of storm damage.

City of Tybee Island River's End RV Park Fund

	2019	2018	\$ Change	% Change
Operating revenues	1,871,821	1,768,073	103,748	5.87%
Operating expenses	1,047,570	1,070,986	(23,416)	-2.19%
Net operating income (loss)	824,251	697,087	127,164	18.24%
Nonoperating income (expenses)	(75,038)	(83,999)	8,961	-10.67%
Income(loss) before contributions & transfers	749,213	613,088	136,125	22.20%
Transfers in	-	818,404	(818,404)	-100.00%
Change in net position	749,213	1,431,492	(682,279)	-47.66%
Beginning net position, restated	4,186,730	2,755,238	1,431,492	51.96%
Ending net position	4,935,943	4,186,730	749,213	17.89%

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on pages 19 and 20 were \$14,383,445. This balance represents an increase of \$4,226,897, or 29.39%, from last year's ending balance. The tables below reflect changes in governmental fund balances.

The City Council committed \$6,727,864, or 67%, of the General Fund's fund balance to the following:

- \$1,392,699 – Future capital projects;
- \$400,000 – Greenspace acquisition;
- \$148,000 – Retrofit revolving loan; and
- \$4,787,165 – Economic stabilization.

The following schedule reflects changes in the fund balance for the City's governmental funds.

City of Tybee Island Governmental Fund Balance

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>%</u>
General fund	\$ 10,035,966	\$ 9,183,861	\$ 852,105	9.28%
Hotel/Motel fund	-	-	-	0.00%
FEMA/GEMA Grant Fund	-	-	-	0.00%
Confiscated Asset Fund	1,460	1,460	-	0.00%
Emergency Telephone 911 Fund	499	7,518	(7,019)	-93.36%
SPLOST 2003 Fund	3,103,503	413,635	2,689,868	650.30%
SPLOST 2014 Fund	996,868	550,074	446,794	81.22%
Debt Service Fund	245,149	-	245,149	100.00%
Total	<u>\$ 14,383,445</u>	<u>\$ 10,156,548</u>	<u>\$ 4,226,897</u>	<u>29.39%</u>

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

The components of changes to governmental fund balances are analyzed on the table below:

City of Tybee Island, Changes in Fund Balances - Governmental Funds

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Taxes	\$ 8,153,583	\$ 7,467,163	\$ 686,420	9.19%
Licenses and permits	380,205	398,048	(17,843)	-4.48%
Intergovernmental	1,931,053	3,537,476	(1,606,423)	-45.41%
Charges for services	3,988,572	3,486,225	502,347	14.41%
Fines and forfeitures	1,428,367	1,017,757	410,610	40.34%
Interest	151,572	63,680	87,892	138.02%
Other revenues	120,083	291,650	(171,567)	-58.83%
Total revenues	<u>16,153,435</u>	<u>16,261,999</u>	<u>(108,564)</u>	<u>-0.67%</u>
Expenditures				
Current:				
General government	2,613,837	2,320,692	293,145	12.63%
Judicial	271,406	143,099	128,307	89.66%
Public safety	3,837,384	3,655,920	181,464	4.96%
Public works	1,709,415	1,901,249	(191,834)	-10.09%
Culture and recreation	3,145,931	3,615,989	(470,058)	-13.00%
Housing and community development	1,216,814	1,016,269	200,545	19.73%
Capital outlay	2,525,997	2,702,116	(176,119)	-6.52%
Debt service				
Principal (net of refunding)	-	9,628	(9,628)	-100.00%
Interest	-	21	(21)	-100.00%
Issuance cost	125,748	-	125,748	100.00%
Total expenditures	<u>15,446,532</u>	<u>15,364,983</u>	<u>81,549</u>	<u>0.53%</u>
Excess of revenues over (under) expenditures	<u>706,903</u>	<u>897,016</u>	<u>(190,113)</u>	<u>-21.19%</u>
Other financing sources (uses)				
Transfers in	2,632,822	2,110,532	522,290	24.75%
Transfers out	(2,804,455)	(3,128,936)	324,481	-10.37%
Issuance of debt	3,633,524	-	3,633,524	100.00%
Sale of capital assets	58,103	-	58,103	100.00%
Total other financing sources (uses)	<u>3,519,994</u>	<u>(1,018,404)</u>	<u>4,538,398</u>	<u>-445.64%</u>
Net change in fund balance	<u>\$ 4,226,897</u>	<u>\$ (121,388)</u>	<u>\$ 4,348,285</u>	<u>-3582.14%</u>
Fund balances, beginning of year	<u>\$ 10,156,548</u>	<u>\$ 10,277,936</u>	<u>\$ (121,388)</u>	<u>-1.18%</u>
Fund balances, end of year	<u>\$ 14,383,445</u>	<u>\$ 10,156,548</u>	<u>\$ 4,226,897</u>	<u>41.62%</u>

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Overall governmental revenues decreased \$108,564, or 0.67%. Licenses and permits were consistent with prior year. Intergovernmental revenues decreased \$1,606,423, or 45.41%, as less SPLOST money was received compared to prior year. Charges for services revenues increased \$502,347, or 14.41%, as parking revenue has increased due to the new parking mobile pay app that was started during the current year. Tax revenues increased \$686,420, or 9.19%, as a result of a better collection rate. Fines and forfeitures increased \$410,610, or 40.34%, because the City has tried to be more active in enforcing laws, particularly in moving violations and public nuisance situations. Other revenues decreased \$171,567, or 58.83%, and is primarily related to insurance reimbursements in the prior year.

Overall governmental expenditures increased \$81,549, or 0.53%. General government expenditures increased \$293,145, or 12.63%, due to general inflation. Judicial expenditures increased \$128,307, or 89.66%, due to increases in salaries and benefits of court personnel and more court costs. Public Safety expenditures increased \$181,464, or 4.96%, due to increased equipment purchases. Public works expenditures decreased \$191,834, or 10.09%, because of significant repair and clean up from storm damage in 2018. Culture and recreation expenditures decreased \$470,058, or 13.00%, because of significant beach repair done in 2018 from prior year storm damage. Capital outlay decreased \$176,119, or 6.52%, because of additional SPLOST expenditures for beach renourishment in 2018. Debt service principal and interest increased \$116,099 as a new bond was issued during 2019.

The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated using \$2,547,345 of General Fund reserves to meet expenses. A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on pages 21 – 25.

- For the General Fund, the actual operating revenues were \$701,417 more than budgeted. Operating revenues were budgeted for \$9,884,507, and actual operating revenues were \$10,585,924. The most significant variance was parking revenues which were \$364,022 more than budgeted as a new pay app was started during the year.
- The actual operating expenditures of \$10,627,145 were \$2,587,851 less than the budgeted amount of \$13,214,996 as management continues to adopt very conservative budgets.

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Capital Asset and Debt Administration

Capital Assets

The City has invested \$36,734,259 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

City of Tybee Island Capital Asset Year End Comparison						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	2018	<u>2019</u>	2018	<u>2019</u>	2018
Non-dpreciable assets:						
Land	\$ 1,102,857	\$ 1,102,857	\$ 6,973,632	\$ 6,973,632	\$ 8,076,489	\$ 8,076,489
Construction in progress	\$ 2,942,105	464,898	\$ 265,882	1,300,853	3,207,987	1,765,751
Total non-depreciable assets	<u>4,044,962</u>	<u>1,567,755</u>	<u>7,239,514</u>	<u>8,274,485</u>	<u>11,284,476</u>	<u>9,842,240</u>
Depreciable assets:						
Land improvements	-	-	350,314	350,314	350,314	350,314
Building	8,567,818	8,473,157	477,948	460,358	9,045,766	8,933,515
Machinery and equipment	6,593,745	6,144,978	2,148,530	2,084,160	8,742,275	8,229,138
Infrastructure	3,268,977	3,200,670	19,755,938	18,398,634	23,024,915	21,599,304
Total depreciable assets	<u>18,430,540</u>	<u>17,818,805</u>	<u>22,732,730</u>	<u>21,293,466</u>	<u>41,163,270</u>	<u>39,112,271</u>
Less accumulated depreciation	<u>8,165,017</u>	<u>7,199,506</u>	<u>7,548,470</u>	<u>6,822,952</u>	<u>15,713,487</u>	<u>14,022,458</u>
Book value - depreciable assets	<u>10,265,523</u>	<u>10,619,299</u>	<u>15,184,260</u>	<u>14,470,514</u>	<u>25,449,783</u>	<u>25,089,813</u>
Percentage depreciated	<u>44.30%</u>	<u>40.40%</u>	<u>33.21%</u>	<u>32.04%</u>	<u>38.17%</u>	<u>35.85%</u>
Book value - all assets	<u>\$ 14,310,485</u>	<u>\$ 12,187,054</u>	<u>\$ 22,423,774</u>	<u>\$ 22,744,999</u>	<u>\$ 36,734,259</u>	<u>\$34,932,053</u>

The schedules of capital asset activity are reported in Note 5 of the financial statements. The City added \$550,363 of new governmental capital assets; and added \$2,564,395 of additional construction in progress.

The City added \$81,960 of new business-type capital assets; and placed \$322,333 of additional construction in progress for the business-type capital assets.

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

Long-Term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$4,431,590 and \$9,320,852 for business-type activities. The debt position of the City is summarized below and is more fully analyzed in Note 6 of the financial statements.

City of Tybee Island Outstanding Long-Term Debt

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>%</u>
Governmental Activities				
Capital leases	\$ -	\$ -	\$ -	0.00%
Chatham County Recreation Bond	3,633,524	-	3,633,524	0.00%
Compensated absences	303,733	285,670	18,063	6.32%
Net pension liability	494,333	873,310	(378,977)	-76.66%
Total debt service governmental-type activities	<u>4,431,590</u>	<u>1,158,980</u>	<u>3,272,610</u>	<u>282.37%</u>
Business-type activities				
Chatham County Recreation Bond	3,296,439	3,717,375	(420,936)	-11.32%
Water & Sewer - Series 2005 Bond	2,690,450	3,034,002	(343,552)	-11.32%
Georgia Environmental Facility Authority Note Payables	3,204,122	3,277,168	(73,046)	-2.23%
Compensated absences	34,419	27,509	6,910	25.12%
Net pension liability	95,422	167,844	(72,422)	-43.15%
Total debt service business-type activities	<u>9,320,852</u>	<u>10,223,898</u>	<u>(903,046)</u>	<u>-8.83%</u>
Total all debt service	<u>\$ 13,752,442</u>	<u>\$ 11,382,878</u>	<u>\$ (903,046)</u>	<u>-7.93%</u>

Economic Factors and Next Year's Budgets and Rates

Currently known facts, decisions or conditions that could have a significant effect on the financial position or results of operations include:

In fiscal year 2020, the City plans to increase the parking fees by implementing "surge pricing" parking fees during the high volume tourist events on the island. The city parking funds are significant as are the cost of services for the impacts of tourists, most of whom arrive by vehicles. Thus, parking and traffic regulation are substantial factors. The parking fee surge pricing may generate \$500,000 of additional revenue. The City will increase, in January 2020, the City's hotel/motel excise tax fee by 1% from 6% to 7%, which is expected to generate \$500,000 of additional revenue. The City plans to use part of the additional hotel/motel excise tax revenue to supplement the financing of building a new Marine Science Center facility, costing \$3,500,000.

The City expects the tax digest to remain steady and approved a millage rate of 3.931 which is the same as the prior year.

The River's End Campground and RV Park operation continues to grow and have positive year-end net earnings. In fiscal year 2020, the River's End Campground and RV Park has included in its budget \$600,000 partial repayment to the general fund for prior years financial contributions.

Management's Discussion and Analysis

CITY OF TYBEE ISLAND

JUNE 30, 2019

The water and sewer fund has included approximately \$1.7 million in capital projects that will be funded with reserves of the fund.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, City Hall, 403 Butler Street, Tybee Island, Georgia 31328 or by calling the Finance Director at (912) 472-5021.

CITY OF TYBEE ISLAND, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and cash equivalents	\$ 12,065,220	\$ 3,633,085	\$ 15,698,305
Investments	603,615	-	603,615
Taxes receivable	1,015,490	-	1,015,490
Accounts receivable, net of allowances	112,679	316,571	429,250
Due from other governments	1,697,343	-	1,697,343
Internal balances	71,050	(71,050)	-
Inventory	-	145,180	145,180
Prepaid expenses	375,314	71,431	446,745
Restricted assets:			
Cash and cash equivalents	-	609,533	609,533
Capital assets:			
Nondepreciable	4,044,962	7,239,514	11,284,476
Depreciable, net of accumulated depreciation	10,265,523	15,184,260	25,449,783
Total assets	<u>30,251,196</u>	<u>27,128,524</u>	<u>57,379,720</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	362,161	53,540	415,701
Total deferred outflows of resources	<u>362,161</u>	<u>53,540</u>	<u>415,701</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts payable	1,306,508	82,631	1,389,139
Accrued liabilities	38,997	13,677	52,674
Unearned revenue	-	176,731	176,731
Customer deposits payable	13,600	290,950	304,550
Notes payable due within one year	-	162,413	162,413
Notes payable due in more than one year	-	3,041,709	3,041,709
Compensated absences due within one year	182,876	34,419	217,295
Compensated absences due in more than one year	120,857	-	120,857
Bonds payable due within one year	125,000	781,097	906,097
Bonds payable due in more than one year	3,508,524	5,205,792	8,714,316
Net pension liability	494,333	95,422	589,755
Total liabilities	<u>5,790,695</u>	<u>9,884,841</u>	<u>15,675,536</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	545,060	89,311	634,371
Total deferred inflows of resources	<u>545,060</u>	<u>89,311</u>	<u>634,371</u>
NET POSITION			
Net investment in capital assets	10,676,961	13,232,763	23,909,724
Restricted for capital outlay	4,101,831	-	4,101,831
Restricted for debt service	245,149	609,533	854,682
Unrestricted	9,253,661	3,365,616	12,619,277
Total net position	<u>\$ 24,277,602</u>	<u>\$ 17,207,912</u>	<u>\$ 41,485,514</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 2,394,400	\$ 550,209	\$ -	\$ -	\$ (1,844,191)	\$ -	\$ (1,844,191)
Judicial	266,926	276,229	-	-	9,303	-	9,303
Public safety	3,976,314	833,193	-	904,311	(2,238,810)	-	(2,238,810)
Public works	1,865,956	-	-	83,242	(1,782,714)	-	(1,782,714)
Culture and recreation	3,158,889	68,393	-	946,461	(2,144,035)	-	(2,144,035)
Housing and community development	1,284,791	4,189,203	-	-	2,904,412	-	2,904,412
Interest on long-term debt	162,483	-	-	-	(162,483)	-	(162,483)
Total governmental activities	<u>13,109,759</u>	<u>5,917,227</u>	<u>-</u>	<u>1,934,014</u>	<u>(5,258,518)</u>	<u>-</u>	<u>(5,258,518)</u>
Business-type activities:							
Water and sewer	2,330,970	3,028,898	-	84,044	-	781,972	781,972
River's End RV Park	1,122,608	1,871,821	-	-	-	749,213	749,213
Solid waste collection	1,113,887	939,585	-	-	-	(174,302)	(174,302)
Total business-type activities	<u>4,567,465</u>	<u>5,840,304</u>	<u>-</u>	<u>84,044</u>	<u>-</u>	<u>1,356,883</u>	<u>1,356,883</u>
Total primary government	<u>\$ 17,677,224</u>	<u>\$ 11,757,531</u>	<u>\$ -</u>	<u>\$ 2,018,058</u>	<u>(5,258,518)</u>	<u>1,356,883</u>	<u>(3,901,635)</u>
General revenues:							
Property taxes					1,975,753	-	1,975,753
Sales taxes					1,396,791	-	1,396,791
Hotel/Motel taxes					3,617,747	-	3,617,747
Franchise taxes					465,388	-	465,388
Insurance premium taxes					213,950	-	213,950
Other taxes					486,912	-	486,912
Unrestricted investment earnings					148,611	-	148,611
Transfers					(171,633)	171,633	-
Total general revenues and transfers					<u>8,133,519</u>	<u>171,633</u>	<u>8,305,152</u>
Change in net position					2,875,001	1,528,516	4,403,517
Net position, beginning of year					21,402,601	15,679,396	37,081,997
Net position, end of year					<u>\$ 24,277,602</u>	<u>\$ 17,207,912</u>	<u>\$ 41,485,514</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Hotel/ Motel Tax Fund	FEMA/GEMA Grant Fund	SPLOST 03 Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,485,777	\$ -	\$ -	\$ 3,498,505	\$ 1,080,938	\$ 12,065,220
Investments	603,615	-	-	-	-	603,615
Taxes receivable	364,667	650,823	-	-	-	1,015,490
Accounts receivable	106,355	-	-	-	6,324	112,679
Due from other governments	123,108	-	1,212,052	-	362,183	1,697,343
Due from other funds	1,617,417	-	-	-	-	1,617,417
Prepaid items	374,160	-	-	-	1,154	375,314
Total assets	<u>\$ 10,675,099</u>	<u>\$ 650,823</u>	<u>\$ 1,212,052</u>	<u>\$ 3,498,505</u>	<u>\$ 1,450,599</u>	<u>\$ 17,487,078</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 388,375	\$ 518,415	\$ -	\$ 395,002	\$ 4,716	\$ 1,306,508
Accrued liabilities	2,262	-	-	-	-	2,262
Due to other funds	-	132,408	1,212,052	-	201,907	1,546,367
Deposits payable	13,600	-	-	-	-	13,600
Total liabilities	<u>404,237</u>	<u>650,823</u>	<u>1,212,052</u>	<u>395,002</u>	<u>206,623</u>	<u>2,868,737</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	52,487	-	-	-	-	52,487
Unavailable revenue - property taxes	182,409	-	-	-	-	182,409
Total deferred inflows of resources	<u>234,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,896</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	374,160	-	-	-	1,154	375,314
Restricted for:						
Capital projects	-	-	-	3,103,503	707,868	3,811,371
Public safety vehicles and equipment	-	-	-	-	290,460	290,460
Debt service	-	-	-	-	245,149	245,149
Committed for:						
Future capital projects	1,392,699	-	-	-	-	1,392,699
Retrofit revolving loan	148,000	-	-	-	-	148,000
Greenspace	400,000	-	-	-	-	400,000
Economic stabilization	4,787,165	-	-	-	-	4,787,165
Assigned to:						
Palms Up Tree Replacement Project	27,140	-	-	-	-	27,140
Beach renourishment	300,000	-	-	-	-	300,000
Community Development Project	1,500	-	-	-	-	1,500
Salt Meadows	16,761	-	-	-	-	16,761
Marine Rescue ADA	22,500	-	-	-	-	22,500
FY2020 budget	1,418,616	-	-	-	-	1,418,616
Unassigned	1,147,425	-	-	-	(655)	1,146,770
Total fund balances	<u>10,035,966</u>	<u>-</u>	<u>-</u>	<u>3,103,503</u>	<u>1,243,976</u>	<u>14,383,445</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,675,099</u>	<u>\$ 650,823</u>	<u>\$ 1,212,052</u>	<u>\$ 3,498,505</u>	<u>\$ 1,450,599</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,310,485
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	234,896
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	
Capital lease	-
Net pension liability	(494,333)
Deferred outflows of resources - pension	362,161
Deferred inflows of resources - pension	(545,060)
Revenue bonds payable, including unamortized premiums of \$223,524	(3,633,524)
Accrued interest payable	(36,735)
Compensated absences	(303,733)
Net position of governmental activities	<u>\$ 24,277,602</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Hotel/ Motel Tax Fund	FEMA/GEMA Grant Fund	SPLOST 03 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,535,836	\$ 3,617,747	\$ -	\$ -	\$ -	\$ 8,153,583
Licenses and permits	380,205	-	-	-	-	380,205
Intergovernmental	80,281	-	-	-	1,850,772	1,931,053
Charges for services	3,915,622	-	-	-	72,950	3,988,572
Fines and forfeitures	1,428,367	-	-	-	-	1,428,367
Interest	147,461	-	-	1,150	2,961	151,572
Other revenues	98,152	21,931	-	-	-	120,083
Total revenues	10,585,924	3,639,678	-	1,150	1,926,683	16,153,435
Expenditures						
Current:						
General government	2,613,837	-	-	-	-	2,613,837
Judicial	271,406	-	-	-	-	271,406
Public safety	3,489,581	-	-	-	347,803	3,837,384
Public works	1,709,415	-	-	-	-	1,709,415
Culture and recreation	1,326,092	1,819,839	-	-	-	3,145,931
Housing and community development	1,216,814	-	-	-	-	1,216,814
Capital outlay	-	-	-	1,119,058	1,406,939	2,525,997
Debt service:						
Bond issuance cost	-	-	-	125,748	-	125,748
Total expenditures	10,627,145	1,819,839	-	1,244,806	1,754,742	15,446,532
Excess (deficiency) of revenues over (under) expenditures	(41,221)	1,819,839	-	(1,243,656)	171,941	706,903
Other financing sources (uses):						
Issuance of debt	-	-	-	3,633,524	-	3,633,524
Sale of capital assets	58,103	-	-	-	-	58,103
Transfers in	1,819,839	-	-	300,000	512,983	2,632,822
Transfers out	(984,616)	(1,819,839)	-	-	-	(2,804,455)
Total other financing sources (uses)	893,326	(1,819,839)	-	3,933,524	512,983	3,519,994
Net change in fund balances	852,105	-	-	2,689,868	684,924	4,226,897
Fund balances, beginning of year	9,183,861	-	-	413,635	559,052	10,156,548
Fund balances, end of year	\$ 10,035,966	\$ -	\$ -	\$ 3,103,503	\$ 1,243,976	\$ 14,383,445

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds.	\$ 4,226,897
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Total capital outlay	3,114,758
Total depreciation	(975,525)
The net effect of the sale of capital assets is to decrease net position.	(15,802)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,958
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Debt issuance	(3,633,524)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	210,037
Accrued interest	(36,735)
Compensated absences	(18,063)
	<u>\$ 2,875,001</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 1,835,307	\$ 1,835,407	\$ 1,972,795	\$ 137,388
Local option sales tax	1,197,000	1,327,000	1,396,791	69,791
Franchise taxes	470,000	470,000	465,388	(4,612)
Insurance premium tax	186,000	213,950	213,950	-
Alcoholic beverage excise tax	335,000	352,905	380,738	27,833
Real estate transfer tax	10,000	10,000	15,522	5,522
Occupational taxes	65,000	65,000	67,242	2,242
Energy excise tax	12,000	12,040	23,410	11,370
Total taxes	<u>4,110,307</u>	<u>4,286,302</u>	<u>4,535,836</u>	<u>249,534</u>
Licenses and permits:				
Regulatory fees	100,000	100,000	96,215	(3,785)
Building permits	92,000	92,000	95,266	3,266
Building inspections	25,000	25,000	30,150	5,150
Zoning variance requests fees	500	2,900	2,600	(300)
Recording fees	1,600	1,600	3,200	1,600
Penalties	-	13,000	13,505	505
Other	147,100	147,140	139,269	(7,871)
Total licenses and permits	<u>366,200</u>	<u>381,640</u>	<u>380,205</u>	<u>(1,435)</u>
Intergovernmental	<u>245,000</u>	<u>307,976</u>	<u>80,281</u>	<u>(227,695)</u>
Charges for services:				
Parking fees	3,270,100	3,370,100	3,734,122	364,022
Other charges for services	164,400	165,612	181,500	15,888
Total charges for services	<u>3,434,500</u>	<u>3,535,712</u>	<u>3,915,622</u>	<u>379,910</u>
Fines and forfeitures:				
Municipal fines	697,700	858,165	1,100,148	241,983
Parking fines	300,000	300,000	328,219	28,219
Total fines and forfeitures	<u>997,700</u>	<u>1,158,165</u>	<u>1,428,367</u>	<u>270,202</u>
Interest income	<u>40,000</u>	<u>90,000</u>	<u>147,461</u>	<u>57,461</u>
Miscellaneous:				
Rents and royalties	66,000	66,000	66,000	-
Other	45,000	58,712	32,152	(26,560)
Total miscellaneous	<u>111,000</u>	<u>124,712</u>	<u>98,152</u>	<u>(26,560)</u>
Total revenues	<u>9,304,707</u>	<u>9,884,507</u>	<u>10,585,924</u>	<u>701,417</u>
Expenditures:				
Current:				
General government				
Governing body	327,830	207,648	160,591	47,057
Clerk of council	114,839	114,728	106,036	8,692
City manager	558,347	565,685	493,765	71,920
Financial administration	541,087	595,430	328,030	267,400
Legal	247,000	247,000	271,708	(24,708)
Information technology	632,986	686,117	682,112	4,005
Human resources	127,847	129,587	122,284	7,303
Building and plant maintenance	671,026	703,656	449,311	254,345
Total general government	<u>\$ 3,220,962</u>	<u>\$ 3,249,851</u>	<u>\$ 2,613,837</u>	<u>\$ 636,014</u>

(Continued)

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current:				
Judicial				
Municipal Court	\$ 303,835	\$ 306,367	\$ 271,406	\$ 34,961
Total judicial	<u>303,835</u>	<u>306,367</u>	<u>271,406</u>	<u>34,961</u>
Public safety				
Police administration	2,389,768	2,552,089	2,299,663	252,426
Beach patrol	329,980	333,232	350,221	(16,989)
Fire administration	817,445	957,228	810,800	146,428
Emergency management	89,582	89,582	28,897	60,685
Total public safety	<u>3,626,775</u>	<u>3,932,131</u>	<u>3,489,581</u>	<u>442,550</u>
Public works				
General operations	1,439,220	1,936,342	1,487,125	449,217
Solid waste collection	141,568	489,786	222,290	267,496
Total public works	<u>1,580,788</u>	<u>2,426,128</u>	<u>1,709,415</u>	<u>716,713</u>
Culture and recreation				
General operations	225,775	225,775	224,755	1,020
Recreation centers	168,950	168,950	168,450	500
Beach, lifeguards, dunes	469,943	469,943	344,013	125,930
Museums	345,212	70,212	45,212	25,000
Parks administration	773,457	809,714	543,662	266,052
Total culture and recreation	<u>1,983,337</u>	<u>1,744,594</u>	<u>1,326,092</u>	<u>418,502</u>
Housing and development				
Zoning and inspection	766,460	769,005	500,779	268,226
Urban redevelopment	138,652	139,348	122,515	16,833
Parking	506,098	647,572	593,520	54,052
Total housing and development	<u>1,411,210</u>	<u>1,555,925</u>	<u>1,216,814</u>	<u>339,111</u>
Total current expenditures	<u>12,126,907</u>	<u>13,214,996</u>	<u>10,627,145</u>	<u>2,587,851</u>
Total expenditures	<u>12,126,907</u>	<u>13,214,996</u>	<u>10,627,145</u>	<u>2,587,851</u>
Deficiency of revenues under expenditures	<u>(2,822,200)</u>	<u>(3,330,489)</u>	<u>(41,221)</u>	<u>3,289,268</u>
Other financing sources (uses):				
Appropriation of fund balance	1,782,879	2,547,345	-	(2,547,345)
Sale of assets	-	53,205	58,103	
Transfers in	1,611,313	1,642,313	1,819,839	177,526
Transfers out	<u>(571,992)</u>	<u>(912,374)</u>	<u>(984,616)</u>	<u>(72,242)</u>
Total other financing sources, net	<u>\$ 2,822,200</u>	<u>\$ 3,330,489</u>	<u>\$ 893,326</u>	<u>\$ (2,442,061)</u>

(Continued)

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Net change in fund balance	\$ -	\$ -	\$ 852,105	\$ 847,207
Fund balances, beginning of year	9,183,861	9,183,861	9,183,861	-
Appropriation of fund balance	-	(2,547,345)	-	2,547,345
Fund balances, end of year	<u>\$ 9,183,861</u>	<u>\$ 6,636,516</u>	<u>\$ 10,035,966</u>	<u>\$ 3,394,552</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
HOTEL/MOTEL TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 3,100,000	\$ 4,139,000	\$ 3,617,747	\$ (521,253)
Other revenues	7,000	30,000	21,931	(8,069)
Total revenues	<u>3,107,000</u>	<u>4,169,000</u>	<u>3,639,678</u>	<u>(529,322)</u>
Expenditures:				
Current:				
Culture and recreation	1,553,500	2,084,500	1,819,839	264,661
Total expenditures	<u>1,553,500</u>	<u>2,084,500</u>	<u>1,819,839</u>	<u>264,661</u>
Excess of revenues over expenditures	<u>1,553,500</u>	<u>2,084,500</u>	<u>1,819,839</u>	<u>(264,661)</u>
Other financing uses:				
Transfers out	(1,553,500)	(2,084,500)	(1,819,839)	264,661
Total other financing uses	<u>(1,553,500)</u>	<u>(2,084,500)</u>	<u>(1,819,839)</u>	<u>264,661</u>
Net change in fund balance	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FEMA/GEMA GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water and Sewer Fund	River's End RV Park Fund	Solid Waste Collection Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,625,869	\$ 1,007,216	\$ -	\$ 3,633,085
Accounts receivable, net of allowances	237,977	-	78,594	316,571
Inventory	121,012	24,168	-	145,180
Prepaid expenses	40,799	30,632	-	71,431
Total current assets	<u>3,025,657</u>	<u>1,062,016</u>	<u>78,594</u>	<u>4,166,267</u>
Noncurrent assets				
Restricted cash	609,533	-	-	609,533
Capital assets:				
Nondepreciable	369,514	6,870,000	-	7,239,514
Depreciable, net of accumulated depreciation	14,638,160	546,100	-	15,184,260
Total noncurrent assets	<u>15,617,207</u>	<u>7,416,100</u>	<u>-</u>	<u>23,033,307</u>
Total assets	<u>18,642,864</u>	<u>8,478,116</u>	<u>78,594</u>	<u>27,199,574</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	36,571	16,178	791	53,540
Total deferred outflows of resources	<u>36,571</u>	<u>16,178</u>	<u>791</u>	<u>53,540</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Current liabilities:				
Accounts payable	59,492	18,647	4,492	82,631
Accrued liabilities	7,771	5,906	-	13,677
Due to other funds	-	-	71,050	71,050
Compensated absences, current	21,971	12,448	-	34,419
Notes payable, current	162,413	-	-	162,413
Bonds payable, current	351,022	430,075	-	781,097
Unearned revenue	-	176,731	-	176,731
Total current liabilities	<u>602,669</u>	<u>643,807</u>	<u>75,542</u>	<u>1,322,018</u>
Noncurrent liabilities:				
Customer deposits	290,950	-	-	290,950
Notes payable, net of current portion	3,041,709	-	-	3,041,709
Bonds payable, net of current portion	2,339,428	2,866,364	-	5,205,792
Net pension liability	80,901	14,521	-	95,422
Total noncurrent liabilities	<u>5,752,988</u>	<u>2,880,885</u>	<u>-</u>	<u>8,633,873</u>
Total liabilities	<u>6,355,657</u>	<u>3,524,692</u>	<u>75,542</u>	<u>9,955,891</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	52,443	33,659	3,209	89,311
Total deferred inflows of resources	<u>52,443</u>	<u>33,659</u>	<u>3,209</u>	<u>89,311</u>
NET POSITION				
Net investment in capital assets	9,113,102	4,119,661	-	13,232,763
Restricted for debt service	609,533	-	-	609,533
Unrestricted	2,548,700	816,282	634	3,365,616
Total net position	<u>\$ 12,271,335</u>	<u>\$ 4,935,943</u>	<u>\$ 634</u>	<u>\$ 17,207,912</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Water and Sewer Fund	River's End RV Park Fund	Solid Waste Collection Fund	Totals
OPERATING REVENUES				
Charges for services:				
Water charges	\$ 1,153,593	\$ -	\$ -	\$ 1,153,593
Sewer charges	1,609,006	-	-	1,609,006
Camping fees	-	1,871,821	-	1,871,821
Stubbing fees	9,068	-	-	9,068
Tapping fees	15,460	-	-	15,460
Rental fees	191,476	-	-	191,476
Sanitation collection fees	-	-	939,585	939,585
Other	50,295	-	-	50,295
Total operating revenues	<u>3,028,898</u>	<u>1,871,821</u>	<u>939,585</u>	<u>5,840,304</u>
OPERATING EXPENSES				
Personnel services	691,573	446,474	-	1,138,047
Administrative	73,131	300,947	-	374,078
Utilities	245,886	133,618	-	379,504
Supplies	69,921	93,312	-	163,233
Repairs and maintenance	195,734	11,293	-	207,027
Sanitation services	-	-	1,113,887	1,113,887
Miscellaneous	293,788	-	-	293,788
Depreciation	663,592	61,926	-	725,518
Total operating expenses	<u>2,233,625</u>	<u>1,047,570</u>	<u>1,113,887</u>	<u>4,395,082</u>
Operating income (loss)	<u>795,273</u>	<u>824,251</u>	<u>(174,302)</u>	<u>1,445,222</u>
NONOPERATING EXPENSES				
Interest expense	<u>(97,345)</u>	<u>(75,038)</u>	<u>-</u>	<u>(172,383)</u>
Total nonoperating expenses	<u>(97,345)</u>	<u>(75,038)</u>	<u>-</u>	<u>(172,383)</u>
Income (loss) before contributions and transfers	697,928	749,213	(174,302)	1,272,839
CAPITAL CONTRIBUTIONS				
	84,044	-	-	84,044
TRANSFERS				
Transfers in	<u>-</u>	<u>-</u>	<u>171,633</u>	<u>171,633</u>
Total transfers	<u>-</u>	<u>-</u>	<u>171,633</u>	<u>171,633</u>
Change in net position	781,972	749,213	(2,669)	1,528,516
NET POSITION, beginning of year	<u>11,489,363</u>	<u>4,186,730</u>	<u>3,303</u>	<u>15,679,396</u>
NET POSITION, end of year	<u>\$ 12,271,335</u>	<u>\$ 4,935,943</u>	<u>\$ 634</u>	<u>\$ 17,207,912</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,164,916	\$ 1,889,918	\$ 1,008,458	\$ 6,063,292
Payments to suppliers	(876,002)	(562,112)	(1,199,326)	(2,637,440)
Payments to employees	(709,404)	(461,869)	-	(1,171,273)
Net cash provided by (used in) operating activities	<u>1,579,510</u>	<u>865,937</u>	<u>(190,868)</u>	<u>2,254,579</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	171,633	171,633
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>171,633</u>	<u>171,633</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(302,658)	(17,591)	-	(320,249)
Proceeds from notes payable	66,923	-	-	66,923
Principal paid on bonds	(343,553)	(420,935)	-	(764,488)
Principal paid on notes payable	(139,969)	-	-	(139,969)
Interest paid	(98,033)	(75,792)	-	(173,825)
Net cash used in capital and related financing activities	<u>(817,290)</u>	<u>(514,318)</u>	<u>-</u>	<u>(1,331,608)</u>
Net change in cash and cash equivalents	762,220	351,619	(19,235)	1,094,604
Cash and cash equivalents, beginning of year	<u>2,473,182</u>	<u>655,597</u>	<u>19,235</u>	<u>3,148,014</u>
Cash and cash equivalents, end of year	<u>\$ 3,235,402</u>	<u>\$ 1,007,216</u>	<u>\$ -</u>	<u>\$ 4,242,618</u>
Classified as:				
Cash and cash equivalents	\$ 2,625,869	\$ 1,007,216	\$ -	\$ 3,633,085
Restricted assets: cash	609,533	-	-	609,533
	<u>\$ 3,235,402</u>	<u>\$ 1,007,216</u>	<u>\$ -</u>	<u>\$ 4,242,618</u>

(Continued)

CITY OF TYBEE ISLAND, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 795,273	\$ 824,251	\$ (174,302)	\$ 1,445,222
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating				
Depreciation	663,592	61,926	-	725,518
Change in assets and liabilities:				
(Increase) decrease:				
Accounts receivable	109,618	-	(2,177)	107,441
Inventory	(18,063)	5,017	-	(13,046)
Prepaid expenses	9,661	(21,322)	-	(11,661)
Increase (decrease):				
Accounts payable	10,860	(6,637)	(85,440)	(81,217)
Accrued expenses	4,527	2,383	-	6,910
Customer deposits	26,400	18,097	-	44,497
Net pension liability	(22,358)	(17,778)	1	(40,135)
Due to other funds	-	-	71,050	71,050
Net cash provided by (used in) operating activities	<u>\$ 1,579,510</u>	<u>\$ 865,937</u>	<u>\$ (190,868)</u>	<u>\$ 2,254,579</u>
Noncash capital and related financing activities:				
Contributions from developers	<u>\$ 84,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,044</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2019

	<u>Agency Fund Municipal Court</u>
ASSETS	
Cash	\$ 25,076
Total assets	<u>\$ 25,076</u>
 LIABILITIES	
Due to others	\$ 25,076
Total liabilities	<u>\$ 25,076</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TYBEE ISLAND, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tybee Island, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated October 15, 1887. The City operates under the Council–City Manager form of government and provides the following services to its citizens as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, sanitation, culture and recreation, planning and zoning, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include those of the City and its component unit.

The Downtown Development Authority (the “Authority”) was activated by the Mayor and City Council in August 2014. The Authority is part of the City's Main Street Program and Directors serve as the Tybee Island Main Street Board of Directors for the Authority. Program Directors are appointed by City Council to provide assistance and opportunities as available that encourage economic growth and development while preserving the unique architectural and community heritage. The Authority had no financial activity during the fiscal year ended June 30, 2019.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to tourism promoting organizations as required by agreements with these organizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **FEMA/GEMA Grant Fund** accounts for grants used to recover and repair damages caused by Hurricane Matthew.

The **SPLOST 03 Fund** accounts for construction of major capital projects financed by Special Purpose Local Option Sales Tax Proceeds and by the Series 2019 Revenue Bond as described in Note 7.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **River's End RV Park Fund** accounts for the revenues and operating costs of the City's River's End RV Park. All activities necessary to provide such services are accounted for in this fund.

The **Solid Waste Fund** accounts for the provision of sanitation collection services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **capital projects funds** account for expenditures for capital improvements made by the City. Financing is provided by special purpose local sales tax.

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, gas and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, the Hotel/Motel Tax Fund, the Emergency 911 Fund, the Confiscated Assets Fund, and the FEMA/GEMA Grant Fund. All appropriations lapse at the end of the June 30th fiscal year. Revenues and expenditures of the Capital Projects Fund are budgeted on a project length basis and are, therefore, excluded from presentation in the financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventory and Prepaid Items

Inventories are valued at average cost, which approximates market, using the first-in/first-out ("FIFO") method. The City accounts for inventory on the purchase basis. Prepaid expenditures/expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose not to include all such items regardless of their acquisition date, but rather only those infrastructure assets acquired subsequent to the adoption of GASB No. 34 as allowed by the GASB. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	10 – 40
Machinery and equipment	5 – 20
Infrastructure	20 – 50
Utility systems and improvements	20 – 50

I. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. An employee may be compensated for up to 65 days of sick leave at a rate of \$25.00 per day upon retirement or death. In the event the payment is owed as a result of the death of the employee, the payment will be made to the beneficiary designated by the employee for this purpose and/or the representative(s) of the employee's estate if no beneficiary is designated.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Other than the items related to the changes in the net pension liability as discussed on the following page, the City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to the changes in the net pension liability as discussed below, the City has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time, instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized in pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Tybee Island Retirement Plan (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, City Council has authorized the Director of Finance to assign fund balance.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted, using the same definition as used for restricted fund balance as described in the section above. All other net position are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the various departments submit to the governing council, a proposed operating budget for the fiscal year commencing the following July 1st.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. Prior to the beginning of the year, the budget is formally enacted through passage of a resolution by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the general fund and the special revenue funds. Project length budgets are adopted for the capital projects fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

5. The budget for the general fund and special revenue funds are adopted on a basis consistent with GAAP.
6. The governing council must approve all revisions. Expenditures should not exceed the legally adopted budget at the department level without Council action amending the budget. All appropriations lapse at the end of each fiscal year.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.

For the fiscal year ended June 30, 2019, transfers out, general government – legal, and public safety – beach patrol exceeded the final amended budget in the General Fund by \$24,708, \$16,989, and \$72,242, respectively.

NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of June 30, 2019, are summarized as follows:

Amounts as presented on the government-wide statement of net position:

Cash and cash equivalents	\$ 15,698,305
Investments	603,615
Restricted cash and cash equivalents	609,533

Amounts as presented on the statement of fiduciary assets and liabilities:

Cash	25,076
Total	<u>\$ 16,936,529</u>

Cash deposited with financial institutions	\$ 16,332,914
Cash deposited with Georgia Fund 1	603,615

Total	<u>\$ 16,936,529</u>
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State statutes authorize the City to invest in obligations of the U.S. government and agencies or corporations of the U.S. government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The pool is regulated by the Georgia Office of the State Treasurer and is currently rated AAf by Standard and Poor's.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At June 30, 2019, the City had the following investments:

Investments	Maturity	Fair Value
Georgia Fund 1	39 days weighted average	\$ 603,615

Interest rate risk. As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, the City's investment policy has been established to structure the investment portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity as well as investing operating funds primarily in short-term securities, money market funds, certificates of deposit or similar investment pools.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2019, the City was not exposed to custodial credit risk for its deposits.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2019, the City was not exposed to custodial credit risk for its investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Property taxes were levied in two installments on September 15, 2018 with a due date of November 15, 2018, and again on April 1, 2019 with a due date of June 1, 2019. Taxes are considered delinquent after November 15 and June 1 for the respective levy dates, which would also be the lien date. The net receivables collected during the year ended June 30, 2019, and expected to be collected by August 31, 2019, are recognized as revenues in the year ended June 30, 2019. Net receivables estimated to be collectible subsequent to August 31, 2019, are recorded as revenue when received. Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Hotel/Motel Fund</u>	<u>FEMA/GEMA Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Collection Fund</u>
Receivables:						
Taxes	\$ 375,856	\$ 650,823	\$ -	\$ -	\$ -	\$ -
Due from other governments	123,108	-	1,212,052	362,183	-	-
Accounts	170,851	-	-	6,324	267,823	86,955
Gross receivables	669,815	650,823	1,212,052	368,507	267,823	86,955
Less: allowance for uncollectibles	(75,685)	-	-	-	(29,846)	(8,361)
Net total receivables	<u>\$ 594,130</u>	<u>\$ 650,823</u>	<u>\$ 1,212,052</u>	<u>\$ 368,507</u>	<u>\$ 237,977</u>	<u>\$ 78,594</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,102,857	\$ -	\$ -	\$ -	\$ 1,102,857
Construction in progress	464,898	2,564,395	-	(87,188)	2,942,105
Total capital assets, not being depreciated	<u>1,567,755</u>	<u>2,564,395</u>	<u>-</u>	<u>(87,188)</u>	<u>4,044,962</u>
Capital assets, being depreciated:					
Buildings and improvements	8,473,157	7,473	-	87,188	8,567,818
Machinery and equipment	6,144,978	474,583	(25,816)	-	6,593,745
Infrastructure	3,200,670	68,307	-	-	3,268,977
Total capital assets, being depreciated	<u>17,818,805</u>	<u>550,363</u>	<u>(25,816)</u>	<u>87,188</u>	<u>18,430,540</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,000,724)	(212,304)	-	-	(2,213,028)
Machinery and equipment	(3,217,499)	(666,734)	10,014	-	(3,874,219)
Infrastructure	(1,981,283)	(96,487)	-	-	(2,077,770)
Total accumulated depreciation	<u>(7,199,506)</u>	<u>(975,525)</u>	<u>10,014</u>	<u>-</u>	<u>(8,165,017)</u>
Total capital assets, being depreciated, net	<u>10,619,299</u>	<u>(425,162)</u>	<u>(15,802)</u>	<u>87,188</u>	<u>10,265,523</u>
Governmental activities capital assets, net	<u>\$ 12,187,054</u>	<u>\$ 2,139,233</u>	<u>\$ (15,802)</u>	<u>\$ -</u>	<u>\$ 14,310,485</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 1,300,853	\$ 322,333	\$ -	\$ (1,357,304)	\$ 265,882
Land	6,973,632	-	-	-	6,973,632
Total capital assets, not being depreciated	<u>8,274,485</u>	<u>322,333</u>	<u>-</u>	<u>(1,357,304)</u>	<u>7,239,514</u>
Capital assets, being depreciated:					
Land improvements	350,314	-	-	-	350,314
Buildings	460,358	17,590	-	-	477,948
Utility systems and improvements	18,398,634	-	-	1,357,304	19,755,938
Machinery and equipment	2,084,160	64,370	-	-	2,148,530
Total capital assets, being depreciated	<u>21,293,466</u>	<u>81,960</u>	<u>-</u>	<u>1,357,304</u>	<u>22,732,730</u>
Less accumulated depreciation for:					
Land improvements	(116,349)	(30,382)	-	-	(146,731)
Buildings	(144,545)	(18,227)	-	-	(162,772)
Utility systems and improvements	(5,691,769)	(540,578)	-	-	(6,232,347)
Machinery and equipment	(870,289)	(136,331)	-	-	(1,006,620)
Total accumulated depreciation	<u>(6,822,952)</u>	<u>(725,518)</u>	<u>-</u>	<u>-</u>	<u>(7,548,470)</u>
Total capital assets, being depreciated, net	<u>14,470,514</u>	<u>(643,558)</u>	<u>-</u>	<u>1,357,304</u>	<u>15,184,260</u>
Business-type activities capital assets, net	<u>\$ 22,744,999</u>	<u>\$ (321,225)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,423,774</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 99,992
Public safety	450,993
Public works	196,289
Culture and recreation	145,788
Housing and community development	82,463
Total depreciation expense - governmental activities	<u>\$ 975,525</u>

Business-type activities:

Water and sewer	\$ 663,592
River's End RV park	61,926
Total depreciation expense - business-type activities	<u>\$ 725,518</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$ -	\$ 3,410,000	\$ -	\$ 3,410,000	\$ 125,000
Plus bond premium	-	223,524	-	223,524	-
Total bonds payable	-	3,633,524	-	3,633,524	125,000
Compensated absences	285,670	383,987	(365,924)	303,733	182,876
Net pension liability	873,310	850,699	(1,229,676)	494,333	-
Governmental activity long-term liabilities	<u>\$ 1,158,980</u>	<u>\$ 4,868,210</u>	<u>\$ (1,595,600)</u>	<u>\$ 4,431,590</u>	<u>\$ 307,876</u>
Business-type activities:					
Notes payable	\$ 3,277,168	\$ 66,923	\$ (139,969)	\$ 3,204,122	\$ 162,413
Revenue bonds payable	6,751,377	-	(764,488)	5,986,889	781,097
Compensated absences	27,509	72,939	(66,029)	34,419	34,419
Net pension liability	167,844	162,500	(234,922)	95,422	-
Business-type activity long-term liabilities	<u>\$ 10,223,898</u>	<u>\$ 302,362</u>	<u>\$ (1,205,408)</u>	<u>\$ 9,320,852</u>	<u>\$ 977,929</u>

For the governmental activities, compensated absences and the net pension liability are generally liquidated by the General Fund. For the business-type activities, compensated absences and the net pension liability are liquidated by the Water and Sewer Fund and the River's End RV Park Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's outstanding bonds at June 30, 2019, are as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Chatham County Recreation Authority Refunding Revenue Bond, Series 2016	\$ 4,466,000	2.15%	2026	\$ 3,296,439
Water and Sewer Refunding Revenue Bonds, Series 2016	3,750,000	2.15%	2026	2,690,450
Chatham County Recreation Authority Revenue Bond, Series 2019	3,410,000	3% - 4%	2039	<u>3,410,000</u>
				9,396,889
		Less current portion		<u>(906,097)</u>
				<u><u>\$ 8,490,792</u></u>

Chatham County Recreation Authority Refunding Revenue Bonds (City of Tybee Island – Campground Project), Series 2016

The City of Tybee Island entered into an intergovernmental agreement with the Chatham County Recreation Authority to issue the Chatham County Recreation Authority Refunding Revenue Bonds (City of Tybee Island – Campground Project), Series 2016. The Series 2016 bonds were issued on August 1, 2016 to: 1) refund and redeem all of the outstanding Series 2006 Bonds, and 2) pay the necessary costs of issuing the bonds. These bonds are secured by and payable from revenues to be received by the Authority from the City pursuant to the intergovernmental agreement.

City of Tybee Island Water and Sewer Refunding Revenue Bond, Series 2016

The City of Tybee Island Water and Sewer Refunding Revenue Bond, Series 2016 was issued in August 1, 2016. The Series 2016 bond was used to: 1) fully pay off three loans with Georgia Environmental Facilities Authority, and 2) pay the necessary costs of issuing the bonds. These bonds are secured by and payable from net revenues of the City's water and sewer system.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Chatham County Recreation Authority Revenue Bond, Series 2019

The City of Tybee Island entered into an intergovernmental agreement with the Chatham County Recreation Authority to issue the Chatham County Recreation Authority Revenue Bonds (Tybee Island Marine Science Center Project), Series 2019. The Series 2019 bonds were issued on February 14, 2019 to finance a new Tybee Island Marine Science Center in the City, which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas. These bonds are secured under the provisions of an intergovernmental contract with the City.

Revenue bond debt service requirements to maturities, including interest, are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,147,297	\$ 906,097	\$ 241,200
2021	1,148,039	923,047	224,992
2022	1,149,288	945,375	203,913
2023	1,150,388	968,080	182,308
2024	1,146,339	986,169	160,170
2025 – 2029	3,186,585	2,673,138	513,447
2030 – 2034	1,223,400	905,000	318,400
2035 – 2039	1,224,183	1,089,983	134,200
	<u>\$ 11,375,519</u>	<u>\$ 9,396,889</u>	<u>\$ 1,978,630</u>

Notes Payable

The Water and Sewer Fund has incurred debt to the Georgia Environmental Facilities Authority for water and sewer system improvements. These notes are as follows at June 30, 2019:

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Water line extensions and lift stations	\$ 1,601,090	1.40%	2035	\$ 1,352,233
Water and sewer improvements	1,361,000	0.89%	2038	1,315,588
Water and sewer improvements	568,973	0.89%	2038	536,301
				<u>3,204,122</u>
		Less current portion		<u>(162,413)</u>
				<u>\$ 3,041,709</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Total notes payable service requirements to maturity are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 185,541	\$ 162,413	\$ 23,128
2021	186,099	164,241	21,858
2022	186,664	166,092	20,572
2023	187,232	167,965	19,267
2024	187,808	169,861	17,947
2025 – 2029	947,845	878,529	69,316
2030 – 2034	963,008	929,409	33,599
2035 – 2039	569,137	565,612	3,525
	<u>\$ 3,413,334</u>	<u>\$ 3,204,122</u>	<u>\$ 209,212</u>

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund balances for the fiscal year ended June 30, 2019, consisted of the following:

<u>Due To</u>	<u>Due From</u>				<u>Total</u>
	<u>FEMA/GEMA</u>	<u>Hotel/Motel</u>	<u>Nonmajor</u>	<u>Solid Waste</u>	
	<u>Grant</u>	<u>Tax</u>	<u>Governmental</u>	<u>Collection</u>	
<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>		
General Fund	\$ 1,212,052	\$ 132,408	\$ 201,907	\$ 71,050	\$ 1,617,417

Interfund transfers for the fiscal year ended June 30, 2019, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>		
	<u>General</u>	<u>Hotel/Motel</u>	<u>Total</u>
<u>Fund</u>	<u>Tax</u>	<u>Fund</u>	
General Fund	\$ -	\$ 1,819,839	\$ 1,819,839
SPLOST 03	300,000	-	300,000
Solid Waste Fund	171,633	-	171,633
Nonmajor governmental funds	512,983	-	512,983
Total	<u>\$ 984,616</u>	<u>\$ 1,819,839</u>	<u>\$ 2,804,455</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the Hotel/Motel Tax Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description

The City has established a non-contributory defined benefit pension plan City of Tybee Island Retirement Plan (the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% – 2%, based on the dynamic breakpoint formula, multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend, from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com, by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan membership. As of January 1, 2019, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	48
Terminated employees entitled to benefits but not yet receiving them	54
Active Plan members	<u>102</u>
Total membership in the Plan	<u><u>204</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the year ended June 30, 2019, the City's contribution rate was 9.61% of annual payroll. City contributions to the Plan were \$438,089 for the year ended June 30, 2019.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Net Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with gender-distinct rates, set forward two years for males and one year for females.

The investment return and inflation assumptions used to value the Plan were approved in December 2017 by the Board based on an experience study conducted in September 2017. The remaining assumptions and methods used to value the Plan were approved in December 2014 by the Board of Trustees based on an experience study for the period January 1, 2010 through June 30, 2014.

The cost of living adjustment is assumed to be 2.75%.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.40%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
	100%	

*Rates shown are net of the 2.75% assumed rate of inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balances	\$ 9,611,599	\$ 8,570,445	\$ 1,041,154
<i>Changes for the year:</i>			
Service cost	259,255	-	259,255
Interest	724,949	-	724,949
Differences between expected and actual experience	(180,875)	-	(180,875)
Contributions - employer	-	433,667	(433,667)
Net investment income	-	850,056	(850,056)
Benefit payments, including refunds of employee contributions	(409,734)	(409,734)	-
Administrative expense	-	(28,995)	28,995
Other	-	-	-
<i>Net changes</i>	<u>393,595</u>	<u>844,994</u>	<u>(451,399)</u>
Ending balances	<u>\$ 10,005,194</u>	<u>\$ 9,415,439</u>	<u>\$ 589,755</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City of Tybee Island's net pension liability (asset)	\$ 1,923,583	\$ 589,755	\$ (512,555)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2018, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$187,918. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,789	\$ (136,948)
Changes in assumptions	345	-
Net difference between projected and actual earnings on pension plan investments	-	(497,423)
City contributions subsequent to the measurement date	328,567	-
Total	\$ 328,912	\$ (634,371)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of \$328,567 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ending June 30,	
2020	\$ (122,744)
2021	(208,727)
2022	(174,274)
2023	(41,492)
Total	<u>\$ (547,237)</u>

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded insurance coverage.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission (“RC”) and is required to pay annual dues thereto. During the fiscal year ended June 30, 2019, the City paid \$3,887 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (“O.C.G.A.”) § 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. § 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 127 “F” Street, Brunswick, Georgia 31520.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 12. HOTEL/MOTEL LODGING TAX

The City has levied a 6% lodging tax. For the fiscal year ended June 30, 2019, \$3,639,678 of Hotel/Motel tax was collected. Of the total collected, 100% was used for the promotion of tourism within the City (\$1,213,105 to the Savannah Chamber of Commerce, \$606,734 to the Georgia International Convention Center, and \$1,819,839 to the general fund).

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TYBEE ISLAND, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET
PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 259,255	\$ 270,293	\$ 243,211	\$ 271,181	\$ 254,414
Interest on total pension liability	724,949	678,645	632,774	591,196	559,195
Differences between expected and actual experience	(180,875)	107,516	55,701	(6,456)	(90,395)
Changes of assumptions	-	-	-	-	(2,320)
Benefit payments, including refunds of employee contributions	(409,734)	(404,293)	(331,010)	(307,853)	(308,101)
Other	-	577	27,856	-	-
Net change in total pension liability	393,595	652,738	628,532	548,068	412,793
Total pension liability - beginning	9,611,599	8,958,861	8,330,329	7,782,261	7,369,468
Total pension liability - ending (a)	\$ 10,005,194	\$ 9,611,599	\$ 8,958,861	\$ 8,330,329	\$ 7,782,261
Plan fiduciary net position					
Contributions - employer	\$ 433,667	\$ 423,061	\$ 430,220	\$ 450,057	\$ 428,260
Net investment income	850,056	1,123,477	745,075	67,622	651,704
Benefit payments, including refunds of employee contributions	(409,734)	(404,293)	(331,010)	(307,853)	(308,101)
Administrative expenses	(28,995)	(29,890)	(17,953)	(20,168)	(15,776)
Net change in plan fiduciary net position	844,994	1,112,355	826,332	189,658	756,087
Plan fiduciary net position - beginning	8,570,445	7,458,090	6,631,758	6,442,100	5,686,013
Plan fiduciary net position - ending (b)	\$ 9,415,439	\$ 8,570,445	\$ 7,458,090	\$ 6,631,758	\$ 6,442,100
City's net pension liability - ending (a) - (b)	\$ 589,755	\$ 1,041,154	\$ 1,500,771	\$ 1,698,571	\$ 1,340,161
Plan fiduciary net position as a percentage of the total pension liability	94.11%	89.17%	83.25%	79.61%	82.78%
Covered payroll	\$ 4,158,606	\$ 4,497,809	\$ 4,327,782	\$ 3,832,932	\$ 3,837,698
City's net pension liability as a percentage of covered payroll	14.18%	23.15%	34.68%	44.32%	34.92%

The schedule will present 10 years of information once it is accumulated.

CITY OF TYBEE ISLAND, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 438,089	\$ 432,193	\$ 420,017	\$ 433,621	\$ 455,536
Contributions in relation to the actuarially determined contribution	<u>438,089</u>	<u>432,193</u>	<u>420,017</u>	<u>433,621</u>	<u>455,536</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,158,606	\$ 4,497,809	\$ 4,327,782	\$ 3,832,932	\$ 3,837,698
Contributions as a percentage of covered payroll	10.53%	9.61%	9.71%	11.30%	11.87%

Notes to the Schedule

Valuation Date	January 1, 2019
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	
Projected Salary Increases	2.75% plus service based merit increases.
Cost-of-living Adjustment	
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years.

The schedule will present 10 years of information once it is accumulated.

COMBINING STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

E911 Fund – To account for the operations of the E-911 system.

Confiscated Assets Fund – To account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from drug enforcement.

Capital Project Funds

2014 SPLOST Fund – To account for capital projects financed from special purpose local option sales taxes. The projects include public safety buildings and equipment, beach related projects, road projects, and water and sewer equipment. These projects are financed with a special 1% sales tax.

Grant Fund – To account for the receipt and disbursement of various grants received by the City.

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,460	\$ 834,329	\$ 245,149	\$ 1,080,938
Accounts receivable	6,324	-	-	6,324
Due from other governments	-	362,183	-	362,183
Prepaid expenditures	1,154	-	-	1,154
Total assets	\$ 8,938	\$ 1,196,512	\$ 245,149	\$ 1,450,599
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 1,079	\$ 3,637	\$ -	\$ 4,716
Due to other funds	5,900	196,007	-	201,907
Total liabilities	6,979	199,644	-	206,623
FUND BALANCE				
Nonspendable - prepaid items	1,154	-	-	1,154
Restricted for:				
Public safety vehicles and equipment	1,460	289,000	-	290,460
Capital projects	-	707,868	-	707,868
Debt service	-	-	245,149	245,149
Unassigned	(655)	-	-	(655)
Total fund balance	1,959	996,868	245,149	1,243,976
Total liabilities and fund balance	\$ 8,938	\$ 1,196,512	\$ 245,149	\$ 1,450,599

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ -	\$ 1,850,772	\$ -	\$ 1,850,772
Charges for services	72,950	-	-	72,950
Interest income	-	2,961	-	2,961
Total revenues	<u>72,950</u>	<u>1,853,733</u>	<u>-</u>	<u>1,926,683</u>
Expenditures:				
Current:				
Public safety	347,803	-	-	347,803
Capital outlay	-	1,406,939	-	1,406,939
Total expenditures	<u>347,803</u>	<u>1,406,939</u>	<u>-</u>	<u>1,754,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(274,853)</u>	<u>446,794</u>	<u>-</u>	<u>171,941</u>
Other financing sources:				
Transfers in	267,834	-	245,149	512,983
Total other financing sources	<u>267,834</u>	<u>-</u>	<u>245,149</u>	<u>512,983</u>
Net change in fund balance	(7,019)	446,794	245,149	684,924
Fund balance, beginning of year	<u>8,978</u>	<u>550,074</u>	<u>-</u>	<u>559,052</u>
Fund balance, end of year	<u>\$ 1,959</u>	<u>\$ 996,868</u>	<u>\$ 245,149</u>	<u>\$ 1,243,976</u>

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	E911 Fund	Confiscated Assets Fund	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,460	\$ 1,460
Accounts receivable	6,324	-	6,324
Prepaid expenditures	1,154	-	1,154
Total assets	\$ 7,478	\$ 1,460	\$ 8,938
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,079	\$ -	\$ 1,079
Due to other funds	5,900	-	5,900
Total liabilities	6,979	-	6,979
FUND BALANCE			
Nonspendable - prepaid items	1,154	-	1,154
Restricted for:			
Public safety	-	1,460	1,460
Unassigned	(655)	-	(655)
Total fund balance	499	1,460	1,959
Total liabilities and fund balance	\$ 7,478	\$ 1,460	\$ 8,938

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	E911 Fund	Confiscated Assets Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Charges for services	\$ 72,950	\$ -	\$ 72,950
Total revenues	<u>72,950</u>	<u>-</u>	<u>72,950</u>
Expenditures:			
Current:			
Public safety	347,803	-	347,803
Total expenditures	<u>347,803</u>	<u>-</u>	<u>347,803</u>
Deficiency of revenues under expenditures	<u>(274,853)</u>	<u>-</u>	<u>(274,853)</u>
Other financing sources:			
Transfers in	267,834	-	267,834
Total other financing sources	<u>267,834</u>	<u>-</u>	<u>267,834</u>
Net change in fund balance	(7,019)	-	(7,019)
Fund balance, beginning of year	<u>7,518</u>	<u>1,460</u>	<u>8,978</u>
Fund balance, end of year	<u>\$ 499</u>	<u>\$ 1,460</u>	<u>\$ 1,959</u>

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2019**

	<u>2014 SPLOST Fund</u>	<u>Grant Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
ASSETS			
Cash and cash equivalents	\$ 834,329	\$ -	\$ 834,329
Due from other governments	<u>162,539</u>	<u>199,644</u>	<u>362,183</u>
Total assets	<u>\$ 996,868</u>	<u>\$ 199,644</u>	<u>\$ 1,196,512</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 3,637	\$ 3,637
Due to other funds	<u>-</u>	<u>196,007</u>	<u>196,007</u>
Total liabilities	<u>-</u>	<u>199,644</u>	<u>199,644</u>
FUND BALANCE			
Restricted for:			
Public safety vehicles and equipment	289,000	-	289,000
Capital projects	<u>707,868</u>	<u>-</u>	<u>707,868</u>
Total fund balance	<u>996,868</u>	<u>-</u>	<u>996,868</u>
Total liabilities and fund balance	<u>\$ 996,868</u>	<u>\$ 199,644</u>	<u>\$ 1,196,512</u>

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	2014 SPLOST Fund	Grant Fund	Total Nonmajor Capital Project Funds
Revenues:			
Intergovernmental	\$ 904,311	\$ 946,461	\$ 1,850,772
Interest income	2,961	-	2,961
Total revenues	<u>907,272</u>	<u>946,461</u>	<u>1,853,733</u>
Expenditures:			
Capital outlay	460,478	946,461	1,406,939
Total expenditures	<u>460,478</u>	<u>946,461</u>	<u>1,406,939</u>
Net change in fund balance	446,794	-	446,794
Fund balance, beginning of year	<u>550,074</u>	-	<u>550,074</u>
Fund balance, end of year	<u><u>\$ 996,868</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 996,868</u></u>

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2014 RESOLUTION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Public Safety					
Police department vehicles	\$ 120,000	\$ 228,434	\$ 228,437	\$ -	\$ 228,437
Public safety software upgrade	165,000	196,665	196,665	-	196,665
Fire department truck	630,000	867,347	602,851	279,496	882,347
Fire department equipment	630,000	246,431	216,425	14,367	230,792
Police department equipment	-	41,000	-	27,843	27,843
Water and Sewer					
Various projects	1,554,000	-	-	-	-
Street and Infrastructure					
Street paving and repair	550,000	159,561	71,856	-	71,856
Marsh Hen Trail/Highway 80 bike trail	47,000	46,242	33,822	250	34,072
Drainage project - various	-	196,030	21,736	-	21,736
Street sweeper equipment	-	180,000	180,000	-	180,000
Cultural and Recreation					
Memorial Park pavilion building	32,000	45,997	45,997	-	45,997
Memorial Park restroom building	-	212,872	212,872	-	212,872
Playground equipment	120,000	195,390	195,390	-	195,390
Tybee Arts Association - audio/video	-	54,018	27,017	-	27,017
YMCA - batting cage	-	5,842	5,842	-	5,842
Friends/Post Tybee Theater audio/video equipment	-	117,056	117,056	-	117,056
JayCee Park	-	460,000	887	138,522	139,409
Various projects	332,000	-	-	-	-
Beach Related					
Mobile Mats	20,000	-	-	-	-
Beach crossovers	-	224,770	224,769	-	224,769
Future projects	-	248,039	-	-	-
	<u>\$ 4,200,000</u>	<u>\$ 3,725,694</u>	<u>\$ 2,381,622</u>	<u>\$ 460,478</u>	<u>\$ 2,842,100</u>

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2003 RESOLUTION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Drainage					
Drainage reconstruction/maintenance	\$ 200,000	\$ 559	\$ 559	\$ -	\$ 559
North Beach area	200,000	-	-	-	-
14th Street drainage project	-	966,226	966,226	-	966,226
Water and Sewer Improvements					
Beach side of Butler water line improvement	575,000	2,130,273	2,130,273	-	2,130,273
Butler Avenue water line	817,000	-	-	-	-
Water line looping	224,040	15,460	15,460	-	15,460
Replacement of 6" ACX water line improvement	168,960	-	-	-	-
Fort Screven water line replacement, Lift station upgrades, I&I continuation	440,000	82,522	82,522	-	82,522
Roads					
Various improvements	250,000	-	-	-	-
ADA sidewalk improvement	-	22,000	22,000	-	22,000
Bike paths	100,000	3,200	3,200	-	3,200
Jones Avenue	350,000	175,653	175,653	-	175,653
Street paving and sidewalks	-	70,000	70,000	-	70,000
Marsh Hen Trail TE match	-	21,717	21,717	-	21,717
Public Safety					
Public safety facility	500,000	294,402	294,402	-	294,402
Fire department equipment	-	163,310	163,310	-	163,310
Beach Related					
Beach renourishment	1,000,000	1,000,000	1,000,000	-	1,000,000
Community Development					
Old Fort Theater, guardhouse	600,000	774,825	774,825	-	774,825
Playground equipment	200,000	196,559	196,559	-	196,559
Marine Rescue Squadron facility	100,000	71,165	71,165	-	71,165
Tybee Marine Science Center project	600,000	601,908	188,360	373,214	561,574
South Beach Business District	-	764,381	764,381	-	764,381
Other					
Other capital equipment	190,354	-	-	-	-
	<u>\$ 6,515,354</u>	<u>\$ 7,354,160</u>	<u>\$ 6,940,612</u>	<u>\$ 373,214</u>	<u>\$ 7,313,826</u>

Reconciliation of SPLOST schedule to financial statements:

Total of SPLOST Fund expenditures \$ 1,244,806

Less payments made from Series 2019 Revenue Bonds (871,592)

\$ 373,214

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Honorable Mayor and Members
of City Council
City of Tybee Island
Tybee Island, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2019

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Savannah, Georgia
December 6, 2019

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2019, due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF TYBEE ISLAND, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

None reported.